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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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Commissioner

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JAN 29 2 41 PM '99

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IN THE MATTER OF COMPETITION IN THE)
 PROVISION OF ELECTRIC SERVICES)
 THROUGHOUT THE STATE OF ARIZONA)

DOCKET NO.
 RE-00000C-94-0165

ARIZONA COMMUNITY ACTION ASSOCIATION'S PROPOSED RULE CHANGE COMMENTS

Arizona Community Action Association hereby files our proposed rule amendments and explanation of the suggested changes.

14-2-1603 Certificates of Convenience and Necessity

- B.1. A description of the electric services which the applicant intends to offer; INCLUDING A PLAN TO SERVE RESIDENTIAL CONSUMERS BEGINNING NO LATER THAN THREE MONTHS AFTER THE START OF COMPETITION;
- G.7. FAILS TO PROVIDE A PLAN TO SERVE RESIDENTIAL CONSUMERS.

These rule changes are necessitated by the obvious lack of residential opportunities in the competitive market. The competitive delay has allowed us time to reflect upon the recent changes to the rule and how those changes have affected the development of a residential market. For all practical purposes, there are no real opportunities for residential consumers. On January 1, 1999, Arizona looked right into the face of the competitive market and the market we saw excluded residential consumers.

Current observations show: first, residential opportunities afforded by the 1996 rule were reduced substantially by recent amendments; second, only one ESP has

indicated they will serve the residential market. Two others have indicated maybe, possibly, they might serve residential, but probably only for those wanting green power. This is not indicative of a robust competitive market. Competition is supposed to benefit all consumer classes. Where are the promised opportunities for small consumers? ACAA urges the Commission to require ESPs to serve some portion of the residential market as a condition of doing business in Arizona. This will provide competitive choice for residential consumers and lay the foundation for a residential market.

14-2-1604. Competitive Phases

B. As part of the minimum 20% of 1995 system peak demand set forth in R14-2-1604(A), each Affected Utility shall reserve a residential phase-in program with the following components:

1. A minimum of ~~1-1/4%~~ 15% of residential customers as of ~~January 1~~ _____ (START DATE OF COMPETITION), 1999 will have access to competitive electric services on ~~January 1~~ _____ (START DATE OF COMPETITION), 1999. The number of customers eligible for the residential phase-in program shall increase by an additional ~~1-1/4% every quarter until January 1, 2001.~~ 15% ON JANUARY 1, 2000.

The Commission should revisit the equity issue for residential opportunities. Residential opportunities were reduced from the original rule and should be restored.

ACAA recommends that the Commission adopt an approach of "if you build it they will come". ACAA urges the Commission to build a residential market by allowing adequate participation. A reasonable number of residential consumers will provide a real market opportunity for ESPs, thereby creating a true competitive market for residential consumers and giving them choice. We can look at the success of SRP's effort. In less than a two month period, over 60,000 SRP residential customers reserved their right to participate in the competitive market. The number has surely increased in the last month.

14-2-1604 Competitive Phases

C. Each Affected Utility shall file a report by ~~September 15, 1998~~ _____, 1999 (DATE TO BE ESTABLISHED PRIOR TO THE START OF COMPETITION), detailing possible mechanisms

to provide benefits, ~~such as~~ INCLUDING rate reductions of AT LEAST 3%-5%, to all Standard Offer customers.

Standard offer customers are entitled to maximum available benefits in exchange for lack of access to the competitive market. At a minimum, rate reductions should be guaranteed to standard offer customers.

14-2-1618 Disclosure of Information

- D. The Director, Utilities Division, IN CONJUNCTION WITH CONSUMER GROUPS, shall develop the format and reporting requirements for the consumer information label to ensure that the information required by subsection (A) is appropriately and accurately reported and to ensure that customers can use the labels for comparisons among Load-Serving Entities. The format developed by the Director, Utilities Division AND CONSUMER GROUPS shall be used by each Load-Serving Entity.

Labeling requirements are considered a form of consumer protection by some consumer groups. Many of these groups have valuable experience in labeling. Input by these groups is important and will add value to the final product.

14-2-1618 Disclosure of Information

F.10. Low income PROGRAMS AND rate eligibility

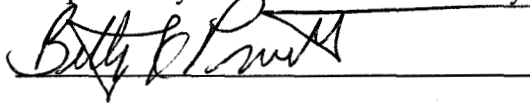
ACAA recommends this change because there are more than just rate programs for low-income consumers. Some Affected Utilities currently have low-income weatherization, energy education, and bill assistance programs. In addition, a competitive supplier may offer low-income programs. A low-income consumer should be able to use the labeling requirements to compare availability of these programs.

- I. The Commission ~~may~~ SHALL establish a consumer information advisory panel to review the effectiveness of the provisions of this Section and to make recommendations for changes in the rules AND TO ASSIST THE COMMISSION AND STAFF IN DEVELOPING A CONSUMER EDUCATION PROGRAM.

Consumer education is a basic consumer protection and should be provided to Arizona consumers. The Commission has a leadership role to play in this area. ACAA urges the Commission to make education a special priority. Consumers

have had competitive choice in long distance service for many years and they are still terribly confused. ACAA believes we can and should do better with electric competition.

Respectfully Submitted this 29th day of January, 1999 by:

A handwritten signature in cursive script, appearing to read "Betty K. Pruitt", is written over a horizontal line.

Betty K. Pruitt

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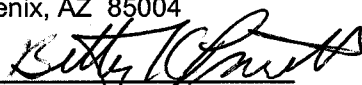
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